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DELTA ACCEPTANCE CORPORATION LIMITED 1964 ANNUAL REPORT



A SUBSIDIARY OF **Arco** CORPORATION

Delta Acceptance Corporation Limited and Subsidiaries

Head Office: London, Ontario

STATISTICAL HIGHLIGHTS

	Thousands of Dollars										
	1964 *11 Months	1963 12 Months	1962 12 Months	1961 12 Months	1960 12 Months	1959 12 Months	1958 12 Months	1957 12 Months	1956 12 Months	1955 12 Months	
Receivables Outstanding	\$246,000	\$176,682	\$102,604	\$ 71,758	\$56,957	\$43,501	\$31,205	\$ 8,882	\$ 2,800	\$ 1,843	
Capital Funds	60,250	46,214	23,315	17,422	14,709	11,246	8,325	2,444	785	350	
Net Worth	31,196	28,285	12,392	8,673	7,487	5,890	5,644	1,194	535	249	
Deferred Income	26,565	16,969	6,911	3,999	3,266	2,647	2,146	719	169	115	
Total Volume	295,692	242,128	156,976	105,603	89,150	73,995	31,110	12,830	5,000	3,516	
Gross Income	30,363	23,664	12,838	9,091	6,866	4,882	2,148	979	337	190	
Earnings before Income Tax	5,734	4,546	1,533	821	906	559	453	199	88	42	
Provision for Taxes	2,817	2,195	696	418	467	264	220	94	31	11	
Net Profit	2,917	2,351	837	403	439	295	233	105	57	31	
Acceptance Offices	33	33	24	24	17	16	17	7	3	3	
Small Loan Offices	150	122	99	77	54	37	15	4	—	—	
Insurance Offices	6	8	6	1	—	—	—	—	—	—	
Industrial Banks (U.S.)	5	4	—	—	—	—	—	—	—	—	
Home Improvement Offices (U.S.)	18	11	—	—	—	—	—	—	—	—	
Total Offices	212	178	129	101	71	53	32	11	3	3	

*Fiscal year end changed to November 30.

DELTA ACCEPTANCE CORPORATION LIMITED
AND ITS SUBSIDIARIES
NOVEMBER 30, 1964

The year 1964 was a period of continued growth and development for the Company. The outstanding event, however, was the merger with Alico Corporation which was officially concluded on December 7th. It is gratifying to report that shareholders representing 95% of the voting shares of the Company, supported the recommendation of the Directors and Executive. We reiterate earlier statements to the effect that both our employees, the public and the shareholders will be well served by this merger. The Company is now in an ever better position to meet the challenges of the years ahead, and we confidently forecast continued growth in both receivables and profits.

DELTA ACCEPTANCE CORPORATION LIMITED
and its subsidiaries

EARNINGS Net earnings for the 12 month period of 1964, as compared with the 12 months of 1963. Fiscal year and with Alico Corporation for the year in calendar with Alico Corporation.

CONSOLIDATED FINANCIAL STATEMENTS

PERIOD ENDED NOVEMBER 30, 1964

Deferred income increased 30% from \$126,360,316 to \$164,273,000 in 1964. Related receivables, which compares with 13.4% (\$16,943,000) at November 31, 1963.

DEVELOPMENT Thirty-four new offices were opened in 1964 and now total 212. The Company's training programs, instituted several years ago, has generated staff to make this growth possible and will continue to provide the Company with trained personnel in the future.

RECEIVABLES Total receivables increased 30% from \$174,471,000 to \$228,913,000 in 1964. Retail receivables increased 47% to \$180,121,000 and small loans 11% to \$48,792,000.

We have every confidence in stating that the year 1965 will show continued increases in both volume and profits for the Company. In the immediate years ahead, the Alico-Delta merger will prove to be of great benefit to the development of the Company.

At this point in Delta's development, it is timely to express our deep gratitude to those Directors who have retired from the Board of the Company. Their wise counsel and unwavering support made the Company's achievement possible. To all our employees, we wish to express our thanks for the untiring efforts and loyalty shown in the years past.


Executive Vice President

DELTA ACCEPTANCE CORPORATION LIMITED
AND ITS SUBSIDIARIES
NOVEMBER 30, 1964

The year 1964 was a period of continued growth and development for the Company. The outstanding event, however, was the merger with Avco Corporation which was officially concluded on December 7th. It is gratifying to report that shareholders representing 95% of the voting shares of the Company, supported the recommendation of the Directors and Executive. We reiterate earlier statements to the effect that both our employees, the public and the shareholders will be well served by this merger. The Company is now in an ever better position to meet the challenges of the years ahead, and we confidently forecast continued growth in both receivables and profits.

EARNINGS Net earnings after Tax total \$2,917,000 for the 11 month period of 1964, as compared with \$2,351,000 for the 12 months of 1963. Fiscal year end was changed to November 30th of each year to coincide with Avco Corporation.

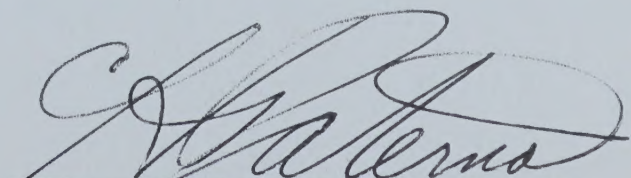
Deferred Income increased 56% and represents 14.2% (\$26,565,216) of related receivables, which compares with 13.4% (\$16,968,652) at December 31, 1963.

DEVELOPMENT Thirty-four new offices were opened in 1964 and now total 212. The Company's training programs, instituted several years ago, has generated staff to make this growth possible and will continue to provide the Company with trained personnel in the future.

RECEIVABLES Total receivables increased 39% from \$176,681,000 to \$245,923,000 in 1964. Retail receivables increased 47% to \$190,122,044 and small loans 21% to \$46,471,200.

We have every confidence in stating that the year 1965 will show continued increases in both volume and profits for the Company. In the immediate years ahead, the Avco-Delta merger will prove to be of great benefit to the development of the Company.

At this point in Delta's development, it is timely to express our deep gratitude to those Directors who have retired from the Board of the Company. Their wise counsel and unswerving support made the Company's achievements possible. To all our employees, we wish to express our thanks for the untiring efforts and loyalty shown in the years past.



Executive Vice President

Clarkson, Gordon & Co.
Chartered Accountants

291 DUNDAS STREET

London
CANADA

AUDITORS' REPORT

To the Shareholders,
Delta Acceptance Corporation Limited,
LONDON, Canada.

We have examined the consolidated balance sheet of Delta Acceptance Corporation Limited and its subsidiaries as at November 30, 1964 and the consolidated statements of profit and loss and consolidated earned surplus for the eleven months ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

As explained in note 4, the companies during 1964 adjusted the amounts at which liabilities payable in United States funds are stated to a basis which conforms with generally accepted accounting practice but no charge has been made to the consolidated earnings of the eleven month period ended November 30, 1964 in respect of the exchange adjustment of \$360,000 related to that period.

Except that no charge has been made to consolidated earnings in respect of the exchange adjustment referred to in the preceding paragraph, in our opinion the accompanying consolidated balance sheet and statements of consolidated profit and loss and consolidated earned surplus present fairly the financial position of the companies as at November 30, 1964 and the results of their operations for the eleven months ended on that date, in accordance with generally accepted accounting principles which, except for the change in the basis of stating amounts payable in United States funds of which we approve, were applied on a basis consistent with that of the preceding year.

Clarkson, Gordon & Co.

Chartered Accountants.

London, Canada.
February 25, 1965.

CONSOLIDATED

AS AT NOVEM
(with comparative amount

<u>A S S E T S</u>	<u>1964</u>	<u>1963</u>
Cash	\$ 13,800,954	\$ 9,633,215
Contracts receivable:		
Retail instalment contracts	190,122,044	129,350,646
Wholesale advances and loans to dealers	9,330,443	8,999,745
Small loans (including accrued interest of \$505,945 in 1964 and \$327,383 in 1963)	46,471,200	38,331,265
	<u>245,923,687</u>	<u>176,681,656</u>
Less:		
Allowance for losses on collection	3,863,600	2,818,735
Unearned discount and service charges	26,565,216	16,968,652
	<u>30,428,816</u>	<u>19,787,387</u>
Contracts receivable less deductions	215,494,871	156,894,269
Prepaid interest and insurance	563,837	301,134
Net assets of insurance subsidiaries (see details on schedule 1)	2,518,352	2,098,408
	<u>232,378,014</u>	<u>168,927,026</u>
Sundry amounts receivable, prepaid expenses and other assets	501,085	424,682
Deferred expenses (see note 3)	830,337	630,606
Repossession and foreclosures - at approximate market value	590,537	106,036
Furniture, fixtures and leasehold improvements - at cost less accumulated depreciation and amortization of \$417,989 in 1964 and \$312,369 in 1963	457,006	301,124
	<u>2,378,965</u>	<u>1,462,448</u>
Excess of cost of shares acquired in purchases of subsidiaries over net tangible assets of subsidiary companies - at cost in 1964	5,248,825	5,171,564
	<u>\$240,005,804</u>	<u>\$175,561,038</u>

The accompanying "Notes to the Consolidated Financial

CORPORATION LIMITED
(The laws of Ontario)
Subsidiaries

BALANCE SHEET

PER 30, 1964
as at December 31, 1963)

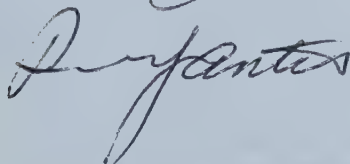
L I A B I L I T I E S

	<u>1964</u>	<u>1963</u>
Accounts payable and accrued charges	\$ 2,489,111	\$ 1,869,109
Taxes payable	<u>2,878,623</u>	<u>2,068,582</u>
	5,367,734	3,937,691
Savings deposits	5,543,640	4,837,332
Senior notes payable (see details on schedule 2)	164,915,574	119,074,210
Subordinated notes payable (see details on schedule 3)	17,550,241	10,456,853
Junior subordinated notes payable (see details on schedule 4)	11,502,874	7,471,425
Provision for restatement of liabilities payable in United States funds (see note 4)	2,250,000	
Sinking fund debentures payable by subsidiary companies less cash on deposit thereagainst (see details on schedule 5)	160,500	169,000
Amounts withheld on contracts purchased	<u>1,518,889</u>	<u>1,329,285</u>
Total liabilities	<u>208,809,452</u>	<u>147,275,796</u>
Shareholders:		
Capital (see details on schedule 6) -		
Preference shares	17,470,000	15,310,000
Common shares	10,392,611	9,513,273
Reserve for foreign exchange fluctuations (see note 4)		535,000
Earned surplus (see note 5) - statement 2	<u>3,333,741</u>	<u>2,926,969</u>
	<u>31,196,352</u>	<u>28,285,242</u>

On behalf of the Board



Director



Director

\$240,005,804 \$175,561,038

Statements" should be read together with this statement.

DELTA ACCEPTANCE CORPORATION LIMITED
and its subsidiaries

STATEMENT OF CONSOLIDATED EARNED SURPLUS

ELEVEN MONTHS ENDED NOVEMBER 30, 1964
(with comparative figures for the year 1963)

	Eleven months ended November 30, 1964	Year ended December 31, 1963
Balance of surplus at beginning of period	\$2,926,969	\$1,285,211
Add:		
Consolidated net profit for period (see notes 4 and 6) - statement 3	2,917,419	2,351,339
Consolidated earned surplus of Security Acceptance Corporation and its subsidiaries at beginning of period (see note 2)		250,017
Reinstatement of goodwill previously written off	77,261	
Release of reserve for foreign exchange fluctuations	535,000	
	<u>6,456,649</u>	<u>3,886,567</u>
Deduct:		
Dividends paid on preference shares during the period by -		
Delta Acceptance Corporation Limited -		
6% first preference shares Series A	79,200	91,200
5½% first preference shares Series B	63,250	63,250
3% first preference shares Series C	35,305	72,183
5½% first preference shares Series D	160,103	
5½% second preference shares Series A	275,000	238,456
5½% second preference shares Series B	260,050	
Security Acceptance Corporation prior to date of acquisition		39,509
	<u>872,908</u>	<u>504,598</u>
Adjustment to restate liabilities payable in United States funds (see note 4)	2,250,000	
Appropriation to reserve for foreign exchange fluctuations		455,000
	<u>3,122,908</u>	<u>959,598</u>
Balance of surplus at end of period	<u>\$3,333,741</u>	<u>\$2,926,969</u>

The attached "Notes to the Consolidated Financial Statements" should be read together with this statement.

DELTA ACCEPTANCE CORPORATION LIMITED
and its subsidiaries

STATEMENT OF CONSOLIDATED PROFIT AND LOSS

ELEVEN MONTHS ENDED NOVEMBER 30, 1964
(with comparative figures for the year 1963)

	Eleven months ended November 30, 1964	Year ended December 31, 1963
Income:		
Interest, discount and service charges earned	\$29,295,716	\$22,739,031
Gross underwriting profit of insurance subsidiaries	<u>1,067,095</u>	<u>925,194</u>
	<u>30,362,811</u>	<u>23,664,225</u>
Expenses:		
New business, collection and administrative expenses -		
Executive remuneration	356,026	331,296
Salaries and wages	5,493,884	4,287,368
Regional expenses	552,603	435,839
Legal and audit services	360,857	284,972
Rental and depreciation of equipment and amortization of leased premises	291,633	221,160
Other general and administrative expenses	5,273,743	4,196,905
Less credit for deferred cost of developing newly established offices - net (see note 3)	<u>(65,696)</u>	<u>(38,033)</u>
	<u>12,263,050</u>	<u>9,719,507</u>
	<u>18,099,761</u>	<u>13,944,718</u>
Other expenses:		
Provision for losses on collection of contracts	3,763,455	2,316,657
Cost of borrowing	<u>8,601,887</u>	<u>7,081,722</u>
	<u>12,365,342</u>	<u>9,398,379</u>
Consolidated profit before taxes on income	5,734,419	4,546,339
Taxes on income (see note 6)	<u>2,817,000</u>	<u>2,195,000</u>
Consolidated net profit for the period (see notes 4 and 6)	7 <u>\$ 2,917,419</u>	7 <u>\$ 2,351,339</u>

The attached "Notes to the Consolidated Financial Statements" should be read together with this statement.

DELTA ACCEPTANCE CORPORATION LIMITED
and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT NOVEMBER 30, 1964

Note 1 - Change of fiscal period

The company has changed its fiscal year end to November 30 from December 31. Therefore the consolidated statement of profit and loss is for the eleven months ended November 30, 1964 while the comparative figures are for the twelve months ended December 31, 1963.

Note 2 - Principles of consolidation

The accompanying consolidated financial statements as at November 30, 1964 and December 31, 1963 include the accounts of Delta Acceptance Corporation Limited and all of its subsidiaries. The statement of consolidated profit and loss for 1964 includes earnings only for the eleven months ended November 30, 1964 while the comparative figures shown for 1963 are for the twelve months ended December 31, 1963.

The acquisition of the shares of Security Acceptance Corporation in 1963 has been treated as a "pooling of interests" and, accordingly, the consolidated earned surplus of that company and its subsidiaries (amounting to \$250,017 as at January 1, 1963) has been added as at that date to the consolidated earned surplus of Delta Acceptance Corporation Limited and its other subsidiaries.

Assets (including fixed assets which are not material), liabilities and earnings of subsidiaries operating in the United States of America have been included in the accompanying consolidated financial statements in Canadian funds at the established rate of exchange (\$1 Canadian = \$.925 U. S.).

Note 3 - Deferred expenses

The companies follow the practice of deferring commissions, discounts, legal and other expenses incurred in connection with the issue of notes payable and preference shares. Each such expenditure is amortized and charged against operations over the sixty

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months following the date on which it is incurred. In accordance with this practice there has been deferred at November 30, 1964 an amount of \$743,453 (\$565,137 at December 31, 1963) representing the unamortized portion of financing expenses incurred since December 1, 1959. As it is the policy of the companies to claim such expenses (to the extent allowable) as a deduction from taxable income in the year in which they are incurred, the amount deferred in the accompanying balance sheet has been decreased by the resulting reduction in income taxes of \$211,314 (\$200,000 at December 31, 1963), leaving net deferred financing expenses of \$532,139 (\$365,137 at December 31, 1963).

The Crescent Finance Corporation, Limited (a small loan subsidiary) follows the practice of deferring a portion of the operating expenses incurred by each new branch during its development period which is considered to be the first twelve months of operation. The amount deferred for each office is limited to \$10,000 and is charged against operations during the thirty-six months following completion of the development period. In accordance with this practice there has been deferred at November 30, 1964 an amount of \$609,198 (\$543,469 at December 31, 1963) representing expenses which are related to branches opened since December 1, 1960 and which have not yet been fully amortized. As it is the company's policy to claim such expenses in full as a deduction from taxable income in the year in which they are incurred, the amount deferred in the accompanying consolidated balance sheet has been decreased by the resulting reduction in income taxes of \$311,000 (\$278,000 at December 31, 1963) leaving net deferred development costs of \$298,198 (\$265,469 at December 31, 1963).

Note 4 - Liabilities in United States funds

In accordance with the consistent practice of the companies, notes payable in United States funds by Delta Acceptance Corporation and its Canadian subsidiaries have been recorded in the accounts at the equivalent amount in Canadian funds based on the exchange rate prevailing at the time each original liability was incurred and the same exchange rates have been carried forward to notes issued in refunding transactions. Prior to 1964 the exchange difference which arose in

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connection with these United States fund liabilities as a result of the depreciation of the value of the Canadian dollar was not reflected in the annual consolidated financial statements although at December 31, 1963 a total of \$535,000 had been appropriated from consolidated earned surplus to establish a reserve for foreign exchange fluctuations.

During 1964 the Canadian companies adopted the accepted accounting practice of adjusting their accounts to restate refunding loans at the amount in Canadian funds based on exchange rates prevailing at the dates on which such loans were obtained and to restate indebtedness maturing within one year at the equivalent amount in Canadian funds based on the established exchange rate (\$1 Canadian = \$.925 U. S.). The total required exchange adjustment of \$2,250,000 has been reflected by a charge to consolidated earned surplus during the eleven month period ended November 30, 1964 and the reserve for foreign exchange fluctuations of \$535,000 provided in previous years was released to consolidated earned surplus at the same time. No account has been taken of any reduction in income taxes which might result from such an exchange loss. Of the total adjustment, \$1,890,000 had arisen prior to December 31, 1963 and \$360,000 arose during the period ended November 30, 1964. No charge has been reflected against consolidated earnings for the eleven months ended November 30, 1964 in respect of the portion of the exchange difference arising during this period.

In addition to the exchange difference of \$2,250,000 reflected in the accompanying financial statements, an additional difference of approximately \$2,475,000 at November 30, 1964 (\$2,755,000 at December 31, 1963) is related to indebtedness payable in United States funds which matures after November 30, 1965. As the amounts which may ultimately become payable in respect of this contingent portion of the total exchange difference will not be determined within one year, no adjustment has been reflected in the accompanying consolidated financial statements. Based on the maturities of the outstanding notes not more than \$383,905 of this contingent adjustment will be incurred in any year unless the debt should be redeemed prior to maturity.

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Note 5 - Restrictions on payment of dividends, etc.

Delta Acceptance Corporation Limited has covenanted in Supplemental Trust Indentures securing outstanding notes payable not to make any stock payments (which include the payment of dividends on any class of its capital stock, the purchase or redemption of any of such stock and any distribution in respect of such stock) other than any such payments which may be payable solely in stock of the company unless immediately thereafter and after giving effect to the stock payment in question:

- (a) the aggregate amount of such stock payments made during the period subsequent to December 31, 1962 will be less than the sum of
 - (i) the total consolidated net earnings of the company and its subsidiaries (as defined in the trust indentures) during such period, plus
 - (ii) two hundred and fifty thousand dollars (\$250,000);
- (b) the aggregate amount of such stock payments made upon or in respect of common shares of the company during the period subsequent to December 31, 1962 will be less than fifty per cent (50%) of the total consolidated net earnings of the company and its subsidiaries during such period;
- (c) the adjusted consolidated net worth of the company and its subsidiaries (as defined in the trust indentures) will not be reduced to less than \$18,000,000.

As at November 30, 1964, \$2,634,379 of the total consolidated earned surplus of \$3,333,741 was not restricted with respect to stock payments.

Note 6 - Taxes on income

Consolidated net profits for the eleven months ended November 30, 1964 and the year ended December 31, 1963 have been reduced by \$44,314 and \$171,000 respectively as a result of provisions for income taxes which are greater than the amount of taxes actually payable. These differences represent reductions in taxes which would otherwise be payable as a result of the claiming for tax purposes of expenses and costs which were not charged against the operations of the years concerned but which were deferred to future accounting periods as follows:

	<u>1964</u>	<u>1963</u>
(i) Cost of developing newly established offices	\$33,000	\$ 20,000
(ii) Expenses in connection with issue of notes and shares	<u>11,314</u>	<u>151,000</u>
	<u>\$44,314</u>	<u>\$171,000</u>

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The reduction in taxes payable arising from the claiming of deferred development and financing expenses is applicable to those future periods when amounts permitted as deductions from taxable income will be less than the portion of the deferred amounts deducted from earnings in the annual financial statements. Accordingly, the tax reductions from these sources in 1964 together with accumulated similar reductions carried forward from prior years have been applied to reduce the amounts at which the respective deferred assets are carried in the accompanying consolidated balance sheets (see note 3).

Consolidated net profits for the eleven months ended November 30, 1964 and for the year ended December 31, 1963 have also been increased by \$46,000 and \$69,000 respectively as a result of a reduction in the amount of taxes on income charged against such profits. These reductions in taxes from the amount which would otherwise have been payable arose from the carry-forward for tax purposes of losses incurred by London and Midland General Insurance Company (a subsidiary) prior to its acquisition in 1962 by Delta Acceptance Corporation Limited.

Note 7 - Litigation

Security Acceptance Corporation, Mass. U.S.A. -

Four indictments are currently pending in Bristol County, Massachusetts, which allege violations by the company of the Massachusetts Small Loans Law because of the nature of certain loans discounted in that state. In the opinion of Massachusetts counsel Security Acceptance Corporation is not guilty of the violations alleged and the discounting of the loans at issue is in fact exempt from the provisions of the law.

Colorado Industrial Bank and affiliates, Colorado, U.S.A. -

Two suits were commenced in December 1964 against Delta Acceptance Corporation Limited and certain of its industrial bank subsidiaries, certain of their officers and directors and, in one case, the Colorado State Bank Commissioner. These actions contend that Delta Acceptance Corporation Limited and its subsidiaries are engaged in branch banking in violation of the laws of Colorado and in a conspiracy to monopolize

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the industrial banking business in the Denver area, and they challenge the legality of operations in the same building by industrial bank subsidiaries and finance subsidiaries. Substantial damages are claimed, but in the opinion of Colorado counsel such claims will not have a materially adverse effect on either the company or its industrial bank subsidiaries.

DELTA ACCEPTANCE CORPORATION LIMITED
and its subsidiaries

DETAILS OF CERTAIN ITEMS APPEARING ON THE CONSOLIDATED BALANCE SHEET

AS AT NOVEMBER 30, 1964

Schedule 1 - Net assets of insurance subsidiaries

	<u>1964</u>	<u>1963</u>
Net assets of wholly-owned subsidiary insurance companies at November 30, 1964 and December 31, 1963 consisted of:		
Cash	\$ 818,715	\$ 777,644
Amounts due from insurance agents and re-insurance companies	975,900	606,082
Investments, at cost plus accrued interest (market 1964 - \$2,624,250, 1963 - \$1,738,271)	2,621,252	1,767,626
Land, buildings and equipment held for sale at cost less accumulated depreciation of \$87,454 (\$65,272 in 1963) which is not more than estimated market value	297,840	443,741
Leasehold improvements, at cost less accumulated amortization of \$8,500 (\$3,000 in 1963)	6,852	10,563
8 $\frac{1}{2}$ % mortgage receivable due November 20, 1968	152,274	
Prepaid expenses	4,760	10,927
Total assets	<u>4,877,593</u>	<u>3,616,583</u>
Liabilities:		
Provision for outstanding insurance claims	1,151,830	775,389
Unearned premiums	932,816	569,393
Accounts payable (including taxes)	274,595	173,393
Total liabilities	<u>2,359,241</u>	<u>1,518,175</u>
Net assets	<u>\$2,518,352</u>	<u>\$2,098,408</u>

Schedule 2 - Senior notes payable

	<u>1964</u>		<u>1963</u>
	United States funds	Amount recorded in Canadian funds (see note 4)	United States funds
			Amount recorded in Canadian funds (see note 4)
Senior Notes, Short Term Series:			
Payable in United States funds -			
Due to bankers	\$53,975,000	\$ 57,982,250	\$42,475,000
Due to others	<u>42,852,000</u>	<u>46,027,792</u>	<u>9,375,000</u>
	<u>\$96,827,000</u>	<u>\$104,010,042</u>	<u>\$51,850,000</u>
			<u>\$45,589,641</u>
			<u>10,054,569</u>
			<u>\$55,644,210</u>

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	1964		1963	
	United States funds	Amount recorded in Canadian funds (see note 4)	United States funds	Amount recorded in Canadian funds (see note 4)
Payable in Canadian funds -				
Due to bankers		\$ 10,850,000		\$ 17,650,000
Due to others		<u>15,044,200</u>		<u>8,748,379</u>
		<u>\$ 25,894,200</u>		<u>\$ 26,398,379</u>
Senior term notes:				
Payable in United States funds -				
6 $\frac{1}{2}$ % maturing \$50,000 annually February 15, 1965 to 1970	\$ 300,000	\$ 295,040	\$ 350,000	\$ 344,215
6 $\frac{1}{2}$ % Series D maturing \$334,000 annually January 1, 1965 to 1975	3,664,000	3,491,864	3,998,000	3,810,233
6 $\frac{1}{2}$ % Series E maturing \$300,000 semi-annually November 15 and May 15, 1965 to 1967	1,800,000	1,745,428	2,400,000	2,327,428
6 $\frac{3}{8}$ % Series F maturing \$300,000 annually September 15, 1965 to 1971	2,100,000	2,025,335	2,400,000	2,314,740
6% Series G maturing \$800,000 annually June 1, 1965 to 1973	7,200,000	7,035,103	8,000,000	7,816,443
6% Series H maturing \$750,000 annually March 1, 1965 to 1974	7,500,000	7,450,562	7,500,000	7,450,562
5 $\frac{1}{2}$ % Series I maturing \$1,250,000 annually March 1, 1966 to 1975	<u>12,500,000</u>	<u>12,968,000</u>	<u>12,500,000</u>	<u>12,968,000</u>
	<u>\$ 35,064,000</u>	<u>\$ 35,011,332</u>	<u>\$ 37,148,000</u>	<u>\$ 37,031,621</u>
Total senior notes payable		<u>\$164,915,574</u>		<u>\$119,074,210</u>

Schedule 3 - Subordinated notes payable

Particulars of subordinated notes payable at November 30, 1964 and December 31, 1963 are as follows:

	<u>1964</u>		<u>1963</u>	
Payable in United States funds -				
6 $\frac{1}{2}$ % Series D maturing \$250,000 annually June 1, 1965 to 1974	\$ 2,500,000	\$ 2,431,433	\$ 2,500,000	\$ 2,431,433
6 $\frac{1}{2}$ % Series G maturing \$160,000 annually August 1, 1967 to 1976	1,600,000	1,582,400	1,600,000	1,582,400
6 $\frac{1}{4}$ % Series H maturing \$170,000 annually March 15, 1968 to 1977	1,700,000	1,707,900	1,700,000	1,707,900
6% Series J maturing \$225,000 annually March 1, 1966 to 1975	2,250,000	2,334,240	2,250,000	2,334,240
6% Series L maturing September 1, 1965	1,000,000	1,050,880	1,000,000	1,050,880
5 $\frac{1}{2}$ % Series M maturing \$460,000 annually April 1, 1967 to 1976	4,600,000	4,942,608		
5 $\frac{1}{2}$ % Series N maturing August 1, 1967	<u>2,000,000</u>	<u>2,150,780</u>		
	<u>\$ 15,650,000</u>	<u>16,200,241</u>	<u>\$ 9,050,000</u>	<u>9,106,853</u>
Payable in Canadian funds -				
6% maturing \$137,500 annually August 1, 1966 to 1969		550,000		550,000
6 $\frac{1}{4}$ % Series I maturing \$30,000 annually March 15, 1968 to 1977		300,000		300,000
6 1/8% Series K maturing \$50,000 annually June 1, 1969 to 1978		<u>500,000</u>		<u>500,000</u>
		<u>1,350,000</u>		<u>1,350,000</u>
Total subordinated notes payable		<u>\$ 17,550,241</u>		<u>\$ 10,456,853</u>

.

Schedule 4 - Junior Subordinated notes payable

Particulars of junior subordinated notes payable at November 30, 1964 and December 31, 1963 are as follows:

	<u>1964</u>		<u>1963</u>	
Payable in United States funds -				
6 $\frac{1}{2}$ % Series B maturing \$55,000 annually September 15, 1965 to 1970	\$ 330,000	\$ 314,870	\$ 385,000	\$ 367,351
6 $\frac{1}{2}$ % Series D due December 1, 1969	1,200,000	1,153,660	1,200,000	1,153,660
6 $\frac{1}{4}$ % Series E maturing \$150,000 April 15, 1965 and \$300,000 annually April 15, 1966 to 1969 and \$150,00 April 15, 1970	1,500,000	1,429,500	1,500,000	1,429,500
6 $\frac{3}{4}$ % Series F maturing \$55,000 annually March 15, 1968 to 1977	550,000	551,650	550,000	551,650
6 3/8% Series H maturing \$150,000 annually March 1, 1966 to 1975	1,500,000	1,568,384	1,500,000	1,568,384
6% Series J maturing September 1, 1965	1,000,000	1,050,880	1,000,000	1,050,880
6% Series K maturing \$280,000 annually April 1, 1967 to 1976	2,800,000	3,008,540		
5 5/8% Series L maturing August 1, 1967	<u>1,000,000</u>	<u>1,075,390</u>		
	<u>\$ 9,880,000</u>	<u>10,152,874</u>	<u>\$ 6,135,000</u>	<u>6,121,425</u>
Payable in Canadian funds -				
6 $\frac{1}{2}$ % maturing \$112,500 annually August 1, 1966 to 1969		450,000		450,000
6 $\frac{3}{4}$ % Series G maturing \$40,000 annually March 15, 1968 to 1977		400,000		400,000
6 3/8% Series I maturing \$50,000 annually June 1, 1969 to 1978		<u>500,000</u>		<u>500,000</u>
		<u>1,350,000</u>		<u>1,350,000</u>
Total junior subordinated notes		<u>\$ 11,502,874</u>		<u>\$ 7,471,425</u>

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Summary of liabilities of Canadian companies payable in United States funds:

Total of notes payable in				
United States funds	\$157,421,000	\$165,374,489	\$104,183,000	\$107,904,109
Add provision for restatement				
of liabilities payable in				
United States funds (see				
note 4)		2,250,000		
	<u>157,421,000</u>	<u>167,624,489</u>	<u>104,183,000</u>	<u>107,904,109</u>
Less United States funds				
held on deposit by				
such companies	<u>12,583,438</u>	<u>13,514,921</u>	<u>7,924,312</u>	<u>8,498,862</u>
Net amounts payable in				
United States funds	<u>\$144,837,562</u>	<u>\$154,109,568</u>	<u>\$ 96,258,688</u>	<u>\$ 99,405,247</u>
Total of notes payable				
in Canadian funds		<u>\$ 28,594,200</u>		<u>\$ 29,098,379</u>

Schedule 5 - Sinking fund debentures payable

Particulars of the sinking fund debentures payable by subsidiary companies at November 30, 1964 and December 31, 1963 are as follows:

	<u>1964</u>	<u>1963</u>
Empire Acceptance Corporation Limited (a subsidiary		
of Consolidated Finance Co. Ltd.) -		
5 $\frac{1}{2}$ % convertible redeemable sinking fund debentures		
Series "A" due March 1, 1968	\$270,000	\$300,000
Deduct debentures purchased and held for sinking fund	<u>109,500</u>	<u>131,000</u>
	<u>\$160,500</u>	<u>\$169,000</u>

Schedule 6 - Capital stock

Supplementary letters patent were obtained by Delta Acceptance Corporation Limited during the eleven months ended November 30, 1964:

- (a) Designating a fourth series of first preference shares consisting of 50,000 5 $\frac{1}{2}$ % cumulative, redeemable, sinking fund first preference shares Series D.
- (b) Changing the date of the annual sinking fund payment in respect of the 6% cumulative, redeemable, sinking fund first preference shares Series A from October 15, 1964 to February 15, 1965 and October 15 annually thereafter commencing in 1965.
- (c) Granting voting rights to the first and second preference shares.

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Particulars of the authorized and issued capital stock of Delta Acceptance Corporation Limited at November 30, 1964 and December 31, 1963 are as follows:

	1964		1963	
	<u>Authorized</u>	<u>Issued</u>	<u>Authorized</u>	<u>Issued</u>
Preference shares:				
Voting first preference shares				
of \$100 par value each				
issuable in series -				
Authorized less redeemed:				
1964 - 115,800 shares	\$11,580,000			
1963 - 144,200 shares			\$14,420,000	
Series A - 6% cumulative				
sinking fund shares				
redeemable at \$102.50 per				
share to May 15, 1965 and				
at decreasing amounts				
annually thereafter to				
May 15, 1969. (Minimum				
sinking fund requirements				
of \$190,000 on February				
15, 1965, October 15, 1965				
and on October 15 in each				
year thereafter)				
Issued less redeemed:				
1964 and 1963 - 13,200				
shares		\$ 1,320,000		\$ 1,320,000
Series B - 5 $\frac{1}{2}$ % cumulative				
sinking fund shares				
redeemable at par.				
(Minimum sinking fund				
requirements of \$115,000 in				
each year commencing in 1969) -				
Issued - 1964 and 1963				
11,500 shares		1,150,000		1,150,000
Series C - 3% cumulative				
sinking fund shares				
redeemable at par.				
(Minimum sinking fund				
requirements on or before				
April 25, 1964, \$700,000;				
April 25, 1965, \$700,000;				
April 25, 1966, \$600,000;				
April 25, 1967, \$500,000;				
April 25, 1968, \$340,000) -				
Issued - 1963 28,400 shares				2,840,000

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	1964		1963	
	<u>Authorized</u>	<u>Issued</u>	<u>Authorized</u>	<u>Issued</u>
Series D - 5½% cumulative shares redeemable at \$105.50 after April 30, 1966 to April 30, 1967 and at decreasing amounts annually thereafter to April 30, 1977 (Purchase requirements in each year commencing in 1966 - 4% of outstanding shares, if available at not more than par value) - Issued: 1964 - 50,000 shares		5,000,000		
Voting second preference shares of \$100 par value each issuable in series - Authorized: 1964 and 1963 100,000 shares	10,000,000		10,000,000	
Series A - 5½% cumulative convertible sinking fund shares. Each \$100 par value preference share convertible into 7½ common shares on or before October 15, 1970. Redeemable on or after October 16, 1970 at par. (Minimum sinking fund requirements of \$500,000 in each year commencing in 1970) - Issued: 1964 and 1963 50,000 shares		5,000,000		5,000,000
Series B - 5½% cumulative convertible shares. Each \$100 par value preference share convertible into 5 common shares on or before December 16, 1968. Redeemable on or after December 17, 1968 at \$105.50 per share until December 16, 1969 and at decreasing amounts annually thereafter. (Purchase requirements in each year commencing in 1969 - 4% of outstanding shares, if available at not more than par value). Issued: 1964 and 1963 50,000 shares		5,000,000		5,000,000
	<u>\$21,580,000</u>	<u>\$17,470,000</u>	<u>\$24,420,000</u>	<u>\$15,310,000</u>

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	1964		1963	
	<u>Authorized</u>	<u>Issued</u>	<u>Authorized</u>	<u>Issued</u>
Common shares of no par value:				
Authorized -				
1964 and 1963 - 4,500,000 shares				
Issued -				
1964 - 2,208,944 $\frac{1}{2}$ shares		\$10,392,611		
1963 - 2,103,694 shares				\$ 9,513,273
		<u>\$27,862,611</u>		<u>\$24,823,273</u>

On April 15, 1964 the 28,400 3% cumulative redeemable sinking fund first preference shares Series C were redeemed or repurchased for cash totalling \$2,789,000.

The following shares were allotted and issued during the period:

First preference shares Series D - 50,000 for cash of		\$5,000,000
	<u>Number</u>	<u>Amount</u>
Common shares:		
for cash -		
On exercise of options held by employees	59,087 $\frac{1}{2}$	\$ 676,682
On exercise of stock purchase warrants issued to holder of subordinate note	46,163	202,656
	<u>105,250$\frac{1}{2}$</u>	<u>\$ 879,338</u>

In addition to the capital stock issued at November 30, 1964, additional common shares were reserved as follows:

- (a) for issue under conversion privileges attached to second preference shares (previously third preference shares) - Series A (based on conversion privilege available on or before October 15, 1970 of 7 $\frac{1}{2}$ common shares for each \$100 par value preference share) 375,000 shares
 - (b) for issue under conversion privileges attached to second preference shares - Series B (based on conversion privilege available on or before December 16, 1968 of 5 common shares for each \$100 par value preference share) 250,000 shares
 - (c) for issue against outstanding stock purchase warrants expiring June 30, 1969 at \$10.67 per share (issue to purchaser of first preference shares Series B) 34,500 shares
 - (d) for issue under options held by employees expiring June 8, 1969 at \$18.90 per share 36,500 shares
- 696,000 shares

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On December 7, 1964 Avco Corporation's offer to exchange its common shares for common and second preference shares of Delta Acceptance Corporation Limited became effective and as at December 31, 1964 Delta Acceptance Corporation Limited shares had been exchanged (or were in process of being exchanged) for Avco Corporation common shares as follows:

		<u>Delta shares exchanged</u>	<u>Avco common shares issued in exchange</u>
Delta common shares			
- of its 2,208,944 $\frac{1}{2}$ outstanding at November 30, 1964	2,196,799		
- issued in December, 1964 to holder of stock purchase warrants	<u>34,500</u>	<u>2,231,299</u>	2,231,299
Delta second preference shares			
- Class A		<u>50,000</u>	375,000
- Class B		<u>31,678</u>	<u>158,390</u>
			<u>2,764,689</u>

GEOGRAPHICAL DISTRIBUTION OF OFFICES
(as at November 30, 1964)

CANADA

ACCEPTANCE DIVISION

ALBERTA

Calgary(2)
Edmonton(3)
Lethbridge

BRITISH COLUMBIA

Kamloops
New Westminster
Vancouver(2)
Victoria

MANITOBA

Winnipeg

NEW BRUNSWICK

Moncton

NOVA SCOTIA

Dartmouth
Sydney

ONTARIO

Barrie
Hamilton
London
North Bay
Ottawa
Sault Ste Marie
Sarnia
Toronto(2)
Windsor
St. Catharines

QUEBEC

Montreal(3)
Quebec
Trois-Rivieres

SASKATCHEWAN

Regina
Saskatoon

LOAN DIVISION

ALBERTA

Calgary(2)
Camrose
Edmonton(5)
Grand Centre
Grande Prairie
Lethbridge
Medicine Hat
Wetaskiwin

BRITISH COLUMBIA

Abbotsford
Dawson Creek
Fort St. John
Kamloops
Kimberley
Kitimat
Nanaimo
New Westminster
Prince George
Vancouver(2)
Vernon
Victoria

MANITOBA

Brandon
Flin Flon
Thompson
Winnipeg(2)

NEW BRUNSWICK

Bathurst
Campbellton
Chatham
Edmundston
Fredericton
Grand Falls

NEW BRUNSWICK (cont'd)

Lancaster
Moncton(2)
Newcastle
Perth
Saint John
St. George
St. Stephen
Sussex
Woodstock

NEWFOUNDLAND

Buchans
Clarenville
Grand Falls
Port Aux Basques
St. John's(2)
Springdale
Windsor

NOVA SCOTIA

Amherst
Bridgewater
Dartmouth
Glace Bay
Greenwood
Halifax(3)
Lunenburg
Middleton
New Glasgow
North Sydney
Spryfield
Sydney(2)
Sydney Mines
Truro

ONTARIO

Ansonville
Arnprior
Barrie
Belleville
Blind River
Brantford
Dunnville
Exeter
Fergus
Fort William
Gananoque
Hamilton(3)
Ingersoll
Kincardine
Kingston
Kitchener
Listowel
London(4)
Midland
Milton
Niagara Falls
North Bay
Oshawa
Ottawa(2)
Owen Sound
Paris
Parry Sound
Pembroke
Penetanguishene
Peterborough
Port Arthur
St. Catharines
St. Marys
St. Thomas
Sarnia
Sault Ste Marie
Stratford

ONTARIO (cont'd)

Sudbury(2)
Tillsonburg
Timmins
Toronto(2)
Walkerton
Wawa
Windsor

PRINCE EDWARD ISLAND

Charlottetown
Summerside

QUEBEC

Bagotville
Cap-de-la-Madeleine
Chateauguay
Coaticook
Hull
Lachine
LaTuque
Louiseville
Montreal(3)
Quebec City(2)
Repentigny
St. Hyacinthe
St. Lambert
Ste Therese de
Blainville
Sorel
Trois Rivieres
Ville Jacques Cartier

SASKATCHEWAN

Regina(2)
Saskatoon
Yorkton

INSURANCE DIVISION

ALBERTA

Calgary

MANITOBA

Winnipeg

BRITISH COLUMBIA

Vancouver

ONTARIO

London
Toronto

QUEBEC

Montreal

UNITED STATES

INDUSTRIAL BANK DIVISION

COLORADO

Denver(2)
Englewood
Westminster
Aurora

HOME IMPROVEMENT DIVISION

CONNECTICUT

Hartford

RHODE ISLAND

Providence

MAINE

Portland

NEW YORK

Albany
Hampstead
Rochester
Syracuse
White Plains
Buffalo

MASSACHUSETTS

Boston
Worcester

OHIO

Columbus
Akron

VERMONT

Burlington

MICHIGAN

Lansing

PENNSYLVANIA

Pittsburgh
Erie

NEW HAMPSHIRE

Manchester

DIRECTORS & OFFICERS

Directors

F. W. Dowler, Q.C.	Partner, Ivey & Dowler, Barristers & Solicitors
J. R. Gosnell	Vice-President, Massachusetts Protective Association Inc.
F. W. P. Jones*	Professor of Business Administration, University of Western Ontario
J. R. Kerr	President, Avco Corporation
M. A. McLaughlin*	Vice-President and General Counsel, Avco Corporation
H. P. Paterno*	Executive Vice-President
A. E. Rasmussen*	Financial Vice-President, Avco Corporation
N. T. Sanderson	Investor
F. J. Talbot	Investor
K. R. Wilson, Jr.	Chairman of the Board, Avco Corporation
R. W. Yantis*	President

*Executive Committee

Officers and Senior Management

CORPORATE STAFF MANAGEMENT

R. W. Yantis	President
H. P. Paterno	Executive Vice-President
R. C. Dannecker	Vice-President
G. F. Weston	Vice-President
R. A. Sanders, Q.C.	Vice-President, Secretary and General Counsel
G. S. Patchet, C.A.	Controller and Assistant Secretary
K. G. Allaster, C.A.	Assistant Controller and Assistant Treasurer
D. J. Sadler	Assistant Secretary and Assistant Treasurer

AUTOMOTIVE ACCEPTANCE DIVISION

H. E. Dickerson	Vice-President and General Manager
R. M. Hett	Vice-President and Assistant General Manager

CAPITAL EQUIPMENT ACCEPTANCE DIVISION

M. H. Bailey	General Manager
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HOME IMPROVEMENT DIVISION

C. W. Bartlett, Jr.	Vice-President and General Manager
S. S. Sheldon, Jr.	Vice-President

INDUSTRIAL BANK DIVISION — COLORADO INDUSTRIAL BANK

S. Nemirow	Vice-President
T. Jackson	Senior Vice-President
V. J. Steele	Vice-President
S. H. Saterberg	Vice-President
D. F. Hunter	Vice-President-Manager — East Colorado Industrial Bank
E. T. Davis	Vice-President-Manager — Westminster Colorado Industrial Bank
C. M. Oglesby	Vice-President-Manager — Englewood-Colorado Industrial Bank
J. Castrodale	Vice-President-Manager — Aurora Industrial Bank

INSURANCE DIVISION

C. J. Connell	Vice-President and General Manager
K. R. Kirkpatrick	Assistant General Manager

LOAN DIVISION

H. S. Tennant	President and General Manager
C. L. Newton	Vice-President and Assistant General Manager
R. L. Charette	Vice-President and Director of Supervision
R. A. Anderson	Director of Supervision
G. G. Eves	Director of Supervision

DELTA ACCEPTANCE CORPORATION LIMITED

THE CRESCENT FINANCE CORPORATION LIMITED

ADANAC GENERAL INSURANCE COMPANY OF CANADA

LONDON & MIDLAND GENERAL INSURANCE COMPANY

INDUSTRIAL BANK GROUP (U.S.)

SECURITY ACCEPTANCE CORPORATION & SUBSIDIARIES (U.S.)

AR46

DELTA

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JUNE 1964

Quarterly Statement, June 30th , 1964



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DELTA ACCEPTANCE CORPORATION LIMITED

Delta Acceptance Corporation Limited

Head Office: London, Ontario

STATISTICAL HIGHLIGHTS

		Thousands of Dollars									
	June 30, 1964 1st 6 Months	1963 12 Months	1962 12 Months	1961 12 Months	1960 12 Months	1959 12 Months	1958 12 Months	1957 12 Months	1956 12 Months	1955 12 Months	
Receivables Outstanding	\$216,372	\$176,682	\$102,604	\$ 71,758	\$56,957	\$43,501	\$31,205	\$ 8,882	\$ 2,800	\$ 1,843	
Capital Funds	55,658	46,214	23,315	17,422	14,709	11,246	8,325	2,444	785	350	
Net Worth	29,778	28,285	12,392	8,673	7,487	5,890	5,644	1,194	535	249	
Deferred Income	21,394	16,969	6,911	3,999	3,266	2,647	2,146	719	169	115	
Total Volume	156,515	242,128	156,976	105,603	89,150	73,995	31,110	12,830	5,000	3,516	
Gross Income	16,097	23,525	12,838	9,091	6,866	4,882	2,148	979	337	190	
Earnings before Income Tax	3,389	4,546	1,533	821	906	559	453	199	88	42	
Provision for Taxes	1,682	2,195	696	418	467	264	220	94	31	11	
Net Profit	1,707	2,351	837	403	439	295	233	105	57	31	
Per Share Earnings after Pref. Dividends (c.)	.62	.94	.43	.15	.20	.08	.20	.13	.10	.08	
Acceptance Branches	33	33	24	24	17	16	17	7	3	3	
Small Loan Branches	138	122	99	77	54	37	15	4	—	—	
Insurance Branches	6	8	6	1	—	—	—	—	—	—	
Industrial Banks (U.S.)	4	4	—	—	—	—	—	—	—	—	
Home Improvement Branches (U.S.)	11	11	—	—	—	—	—	—	—	—	
Total Branches	196	178	129	101	71	53	32	11	3	3	

DELTA ACCEPTANCE CORPORATION LIMITED
AND ITS SUBSIDIARIES
JUNE 30, 1964

EARNINGS Gross income increased 43% the second quarter of 1964 as compared with the like period last year. Year to date 1964, gross income is up 45% as compared with the first six months of 1963.

Net earnings after tax for the second quarter of 1964 total \$852,783 as compared with \$603,979 for the same period in 1963, an increase of 41%. Net earnings after tax for the first six months of 1964 total \$1,706,725 as compared with \$1,161,080 for the like period in 1963, an increase of 47%.

Earnings per share after preferred dividends for the first half were 62¢, up from 44¢ in the same period of 1963, an increase of 41%.

Deferred income increased 26% from year-end and represents 13.47% (\$21,393,716) of retail receivables on which interest is not separately stated, which compares with 13.46% (\$16,968,652) at December 31, 1963.

DEVELOPMENT Eight new branches were opened in the second quarter for a total of 18 in the first half, for a current total of 196.

Two insurance branches were consolidated for economical reasons reducing insurance branches to six.

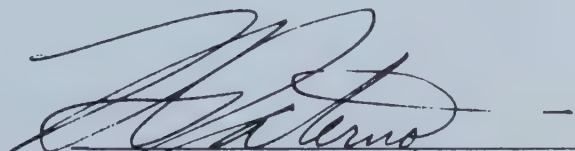
RECEIVABLES In the second quarter, total receivables increased 13% to \$216,372,158, retail instalment receivables increased 14% to \$162,667,193 and small loans 8% to \$43,364,996.

Year to date, total receivables, retail instalment receivables and small loans have increased 22%, 26%, and 13% respectively.

FINANCIAL \$4,600,000 of Subordinated and \$2,800,000 of Junior Subordinated Long Term Debt was placed in the second quarter. Bank lines have been increased from \$72,000,000 December 31, 1963, to \$100,375,000 June 30, 1964.

In April, an additional \$1,406,000 was appropriated from surplus and a reserve for foreign exchange fluctuations of \$2,106,000 has been established to cover 100% of the current portion of foreign exchange loss. This action is in accordance with accepted accounting principles and will eliminate the qualification that heretofore has appeared in our auditor's certificate. In the future, appropriations from surplus will be made as contingent exchange losses are realized, and our reserve increased accordingly.

Additional statistical highlights comparing the first six months of 1964 with twelve months figures for previous years are outlined on the previous page.


Executive Vice President

DELTA ACCEPTANCE C
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June 30, 196
(with comparative figures at Decem

ASSETS

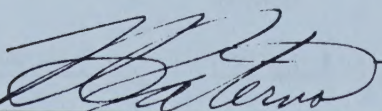
	<u>June 30, 1964</u>	<u>December 31, 1963</u>	<u>June 30, 1963</u>
Contracts receivable			
Retail instalment contracts	\$162,667,193	\$131,676,339	\$111,968,209
Wholesale contracts	10,339,969	6,674,052	6,993,070
Small Loans	43,364,996	38,331,265	32,743,101
	<u>\$216,372,158</u>	<u>176,681,656</u>	<u>151,704,380</u>
Deduct:			
Allowance for losses on collection	3,434,629	2,818,735	2,438,737
	<u>\$212,937,529</u>	<u>\$173,862,921</u>	<u>\$149,265,643</u>
Cash	14,866,220	9,633,215	7,911,677
Prepaid interest and insurance	469,667	301,134	236,521
Assets of Insurance subsidiaries	4,497,288	3,616,583	2,809,019
	<u>\$232,770,704</u>	<u>\$187,413,853</u>	<u>\$160,222,860</u>
Sundry amounts receivable and prepaid expenses and other assets	559,677	424,682	254,620
Repossessions and foreclosures - at approximate market value	187,602	106,036	22,678
Furniture, fixtures, leasehold improve- ments - at cost less accumulated depreciation and amortization	369,584	301,124	312,740
Discount and expenses in connection with the issue of securities	506,346	365,137	109,683
Deferred cost of developing newly established offices	282,918	265,469	248,065
	<u>\$ 1,906,127</u>	<u>\$ 1,462,448</u>	<u>\$ 947,786</u>
Excess of cost of shares acquired over net tangible assets of subsidiary companies.	<u>\$ 5,171,564</u>	<u>\$ 5,171,564</u>	<u>\$ 5,127,324</u>
	<u><u>\$239,848,395</u></u>	<u><u>\$194,047,865</u></u>	<u><u>\$166,297,970</u></u>

CORPORATION LIMITED
(the Laws of Ontario)
subsidiaries
BALANCE SHEET
1964
(September 30, 1963 and June 30, 1963)

LIABILITIES

	June 30, 1964	December 31, 1963	June 30, 1963
Accounts payable and accrued charges	\$ 2,134,039	\$ 1,966,104	\$ 1,750,654
Taxes payable	2,410,989	2,144,980	1,278,123
Provision for outstanding insurance claims	911,882	775,389	610,792
	<u>\$ 5,456,910</u>	<u>\$ 4,886,473</u>	<u>\$ 3,639,569</u>
Savings deposits	\$ 5,214,217	\$ 4,837,332	\$ 4,366,480
Senior notes payable	147,195,836	119,074,210	104,090,907
Subordinated notes payable	15,399,461	10,456,853	9,405,973
Junior subordinated notes payable	10,479,965	7,471,425	6,420,545
Sinking fund debentures of subsidiary company	163,000	169,000	169,500
Amounts withheld on contracts purchased	1,670,130	1,329,285	1,381,722
	<u>\$180,122,609</u>	<u>\$143,338,105</u>	<u>\$125,835,127</u>
Unearned discount and service charges	\$ 21,393,716	\$ 16,968,652	\$ 13,806,377
Unearned premiums and commissions of Insurance subsidiaries	990,995	569,393	610,818
	<u>\$ 22,384,711</u>	<u>\$ 17,538,045</u>	<u>\$ 14,417,195</u>
Reserve for foreign exchange fluctuations	\$ 2,106,000	-	-
Shareholders:			
Capital - preference shares	\$ 17,470,000	\$ 15,310,000	\$ 10,510,000
- common shares (2,115,331 shares 6/30/64)	9,634,654	9,513,273	9,348,872
Earned surplus	2,673,511	3,461,969	2,547,207
	<u>\$ 29,778,165</u>	<u>\$ 28,285,242</u>	<u>\$ 22,406,079</u>
	<u>\$239,848,395</u>	<u>\$194,047,865</u>	<u>\$166,297,970</u>

Signed:


Executive Vice President

DELTA ACCEPTANCE CORPORATION LIMITED
and its subsidiaries
STATEMENT OF CONSOLIDATED PROFIT AND LOSS
(For the six months ended June 30, 1964 with comparative figures for
the six months ended June 30, 1963)

	Second Quarter Ending June 30, 1964	Year to date Ending June 30, 1964	Second Quarter Ending June 30, 1963	Year to date Ending June 30, 1963
<u>Income:</u>				
Interest, discount and service charges earned	\$ 8,246,961	\$ 15,741,229	\$ 5,753,830	\$ 10,831,996
Gross underwriting profit of insurance subsidiaries	210,320	355,869	114,106	311,428
	<u>\$ 8,457,281</u>	<u>\$ 16,097,098</u>	<u>\$ 5,867,936</u>	<u>\$ 11,143,424</u>
<u>Expenses:</u>				
New Business, collection and administrative expenses:				
Executive remuneration	\$ 139,499	\$ 251,432	\$ 91,945	\$ 172,547
Salaries and wages	1,422,855	2,688,833	959,833	1,846,222
Regional expenses	157,599	290,278	100,909	189,896
Legal and audit services	36,820	82,785	43,336	84,790
Depreciation of equipment and amortization of leased premises	71,676	131,061	44,880	87,262
Other general and administrative expenses	1,662,263	3,188,673	1,019,957	2,053,910
Less credit for deferred cost of developing newly established offices	(26,605)	(29,097)	4,487	(1,181)
	<u>\$ 3,464,107</u>	<u>\$ 6,603,965</u>	<u>\$ 2,265,347</u>	<u>\$ 4,433,446</u>
	<u>\$ 4,993,174</u>	<u>\$ 9,493,133</u>	<u>\$ 3,602,589</u>	<u>\$ 6,709,978</u>
<u>Other Expenses:</u>				
Allowance for losses on collection of contracts	\$ 901,206	\$ 1,585,340	\$ 579,950	\$ 1,023,864
Cost of borrowing	2,371,820	4,519,103	1,769,740	3,392,041
	<u>\$ 3,273,026</u>	<u>\$ 6,104,443</u>	<u>\$ 2,349,690</u>	<u>\$ 4,415,905</u>
Consolidated profit before taxes on income	1,720,148	3,388,690	1,252,899	2,294,073
Taxes on income	867,365	1,681,965	648,920	1,132,993
Consolidated net profit	<u>\$ 852,783</u>	<u>\$ 1,706,725</u>	<u>\$ 603,979</u>	<u>\$ 1,161,080</u>

Statement of Consolidated Earned Surplus

	Second Quarter Ending June 30, 1964	Year to date Ending June 30, 1964	Second Quarter Ending June 30, 1963	Year to date Ending June 30, 1963
Balance of surplus at beginning of period	\$ 4,136,449	\$ 3,461,969	\$ 2,083,778	\$ 1,365,211
Add: Consolidated earned surplus of Security Acceptance Corporation and its subsidiaries for the period	-	-	-	250,017
Consolidated net profit	852,783	1,706,725	603,979	1,161,080
	<u>\$ 4,989,232</u>	<u>\$ 5,168,694</u>	<u>\$ 2,687,757</u>	<u>\$ 2,776,308</u>
Deduct: Dividends paid on preference shares				
6% first preference shares, Series A	\$ 19,800	\$ 39,600	\$ 22,800	\$ 45,600
5-1/2% first preference shares, Series B	15,813	31,625	84,563	132,581
5-1/2% second preference shares, Series B	68,750	122,550	-	-
3% first preference shares, Series C	14,005	35,305	21,300	29,583
5-1/2% second preference shares, Series A	68,750	137,500	-	-
5-1/2% first preference shares, Series D	22,603	22,603	-	-
Security Acceptance Corporation - preferred dividends	-	-	11,887	21,337
	<u>\$ 209,721</u>	<u>\$ 389,183</u>	<u>\$ 140,550</u>	<u>\$ 229,101</u>
Provision for current foreign exchange loss	2,106,000	2,106,000	-	-
Balance of surplus at end of period	<u>\$ 2,673,511</u>	<u>\$ 2,673,511</u>	<u>\$ 2,547,207</u>	<u>\$ 2,547,207</u>

DIRECTORS & OFFICERS

Directors

C. E. Boillot	North American Representative, Suez Financial Company
A. B. Cornell	President, New England States Corporation
F. W. Dowler, Q.C.	Partner, Ivey, Livermore & Dowler, Barristers & Solicitors
J. R. Gosnell	Vice-President, Massachusetts Protective Association Inc.
R. D. Harrington	Vice-President and Treasurer, The Paul Revere Life Insurance Co.
F. W. P. Jones	Professor of Business Administration, University of Western Ontario
H. P. Paterno	Executive Vice-President
N. T. Sanderson	Vice-President and Secretary
F. J. Talbot	Investor
David B. Weldon	Executive Vice-President, Midland-Osler Securities Limited
R. W. Yantis	President

Officers and Senior Management

CORPORATE STAFF MANAGEMENT

R. W. Yantis	President
H. P. Paterno	Executive Vice-President
R. C. Dannecker	Vice-President
N. T. Sanderson	Vice-President and Secretary
R. A. Sanders, Q.C.	Vice-President and General Counsel
G. S. Patchet, C.A.	Controller and Assistant Secretary
K. G. Allaster, C.A.	Assistant Treasurer
D. J. Sadler	Assistant Treasurer

ACCEPTANCE DIVISION

G. F. Weston	Vice-President and General Manager
H. E. Dickerson	Vice-President Operations
R. M. Hett	Vice-President Sales

HOME IMPROVEMENT DIVISION

G. I. Erikson	President and General Manager
C. W. Bartlett Jr.	Vice-President Operations
S. S. Sheldon Jr.	Vice-President Sales

INDUSTRIAL BANK DIVISION — COLORADO INDUSTRIAL BANK

S. Nemirow	Vice-President and General Manager
T. Jackson	Senior Vice-President
V. J. Steele	Vice-President
S. H. Saterberg	Vice-President
D. F. Hunter	Vice-President-Manager—East Colorado Industrial Bank
E. T. Davis	Vice-President-Manager—Westminster Colorado Industrial Bank
C. M. Oglesby	Vice-President-Manager—Englewood-Colorado Industrial Bank

INSURANCE DIVISION

C. J. Connell	Vice-President and General Manager
K. R. Kirkpatrick	Operations Manager—London and Midland General Insurance Company
P. A. West	Operations Manager—Adanac General Insurance Company

LOAN DIVISION

H. S. Tennant	President and General Manager
C. L. Newton	Vice-President and Director of Supervision
R. L. Charette	Director of Supervision

DELTA ACCEPTANCE CORPORATION LIMITED

THE CRESCENT FINANCE CORPORATION LIMITED

ADANAC GENERAL INSURANCE COMPANY OF CANADA

LONDON & MIDLAND GENERAL INSURANCE COMPANY

COLORADO INDUSTRIAL BANK & AFFILIATED COMPANIES (U.S.)

SECURITY ACCEPTANCE CORPORATION & SUBSIDIARIES (U.S.)